

DEPARTMENT OF COMMERCE

GOVERNOR'S BUDGET RECOMMENDATIONS

| Source of Funds | FY03 Adjusted Base | FY04 Recommended | % Change Over FY03 | FY05 Recommended | % Change Over FY04 |
|-----------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|
| GPR | 18,318,600 | 21,444,700 | 17.1 | 21,447,900 | 0.0 |
| PR-F | 37,544,700 | 73,379,900 | 95.4 | 73,379,900 | 0.0 |
| PR-O | 34,099,500 | 31,850,700 | -6.6 | 31,850,700 | 0.0 |
| PR-S | 9,257,900 | 15,256,800 | 64.8 | 15,256,800 | 0.0 |
| SEG-O | 84,962,100 | 76,029,800 | -10.5 | 75,947,100 | -0.1 |
| TOTAL | 184,182,800 | 217,961,900 | 18.3 | 217,882,400 | 0.0 |

FULL-TIME EQUIVALENT POSITION SUMMARY

| Source of Funds | FY03 Adjusted Base | FY04 Recommended | FTE Change From FY03 | FY05 Recommended | FTE Change From FY04 |
|-----------------|-----------------------|---------------------|-------------------------|---------------------|-------------------------|
| GPR | 73.00 | 68.00 | -5.00 | 68.00 | 0.00 |
| PR-F | 48.50 | 54.15 | 5.65 | 54.15 | 0.00 |
| PR-O | 200.45 | 179.90 | -20.55 | 179.90 | 0.00 |
| PR-S | 62.00 | 57.55 | -4.45 | 57.55 | 0.00 |
| SEG-O | 99.30 | 78.90 | -20.40 | 77.90 | -1.00 |
| TOTAL | 483.25 | 438.50 | -44.75 | 437.50 | -1.00 |

AGENCY DESCRIPTION

The Governor appoints a secretary to administer the department. The department's programs are administered by seven divisions, which include: Administrative Services; Community Development; Economic Development; Environmental and Regulatory Services; Safety and Buildings; International and Export Services; and Marketing, Advocacy and Technology Development.

The department has three program areas: economic and community development; regulation of industry, safety and buildings; and executive and administrative services.

The department has nine councils and four boards attached to it by statute, including: the Council on Main Street; the Rural Health Development Council; the Small Business Environmental Council; the Contractor Financial Responsibility Council; the Dwelling Code Council; the Plumbers Council; the Automatic Fire Sprinkler System Contractors and Journeymen Council; the Petroleum Storage Environmental Cleanup Council; the Multifamily Dwelling Code Council; the Development Finance Board; the Minority Business Development Board; the Rural Economic Development Board; and the Recycling Market Development Board.

MISSION

The department is the state's primary agency for the delivery of integrated services to businesses. The department works to foster the retention and creation of new jobs and investment opportunities in Wisconsin through business attraction, expansion and development activities; to foster and promote economic, export and community development; to encourage private sector cooperation and participation in strengthening the

state's economy; to help businesses obtain appropriate technology-related assistance for start-up operations and to remain competitive; and to promote the public's health, safety and welfare through effective and efficient regulations, education and enforcement.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Economic and Community Development

Goal: Generate investment opportunities in the state using the grant and loan programs that are administered by the department.

Objective/Activity: Increase the amount of private investment that is leveraged through the department's grant and loan programs.

Goal: Revitalize downtowns in Wisconsin Main Street communities.

Objective/Activity: Encourage the development of new businesses and the number of buildings rehabilitated in the downtown areas in Wisconsin Main Street communities.

Program 3: Regulation of Industry, Safety and Buildings

Goal: Promote safety in constructed public and private buildings in Wisconsin.

Objective/Activity: Develop and implement regulations, and provide services (e.g., plan review and inspection) and education which promote the construction of public and private buildings according to code.

Goal: Maintain quality control in petroleum products for sale in Wisconsin.

Objective/Activity: Sample and test petroleum products at terminals, bulk plants and retail sites to ensure that products meet specified standards.

PERFORMANCE MEASURES

HISTORICAL DATA

| Prog. No. | Performance Measure | Actual 2000 |
|-----------|--|---------------------------|
| 1. | Private investment leveraged. | \$98 million ¹ |
| 1. | New businesses in Main Street communities. | 155 |
| 1. | Number of buildings rehabilitated in Main Street communities. | 251 |
| 3. | Building code effectiveness grading schedule (0 – 100). | 69.6 |
| 3. | Percentage of retail site inspections completed during a program year. | 42.6% |

Note: Based on fiscal year.

¹Revised figures include capital investment.

2001 AND 2002 GOALS AND ACTUALS

| Prog. No. | Performance Measure | Goal 2001 | Actual 2001 | Goal 2002 | Actual 2002 |
|-----------|--|--------------|----------------------------|--------------|------------------------------|
| 1. | Private investment leveraged. | \$50 million | \$114 million ¹ | \$55 million | \$142.9 million ¹ |
| 1. | New businesses in Main Street communities. | 170 | 197 | 180 | 230 ² |
| 1. | Number of buildings rehabilitated in Main Street communities. | 255 | 236 | 260 | 288 ² |
| 3. | Building code effectiveness grading schedule (0 – 100). | 69.6 | 69.6 | 77 | 69.6 |
| 3. | Percentage of retail site inspections completed during a program year. | 60% | 78% | 80% | 72% |

Note: Based on fiscal year.

¹Revised figures include capital investment.

²Main Street projections based on 71.84 percent reporting.

2003, 2004 AND 2005 GOALS

| Prog. No. | Performance Measure | Goal 2003 | Goal 2004 | Goal 2005 |
|-----------|--|---------------|---------------|---------------|
| 1. | Private investment leveraged. | \$100 million | \$100 million | \$100 million |
| 1. | New businesses in Main Street communities. | 185 | 200 | 210 |
| 1. | Number of buildings rehabilitated in Main Street communities. | 270 | 275 | 285 |
| 3. | Building code effectiveness grading schedule (0 – 100). | 70 | 70 | 70 |
| 3. | Percentage of retail site inspections completed during a program year. | 100% | 100% | 100% |

Note: Based on fiscal year.

DEPARTMENT OF COMMERCE

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Budget Efficiency Measures
2. Budget Reorganization – Housing
3. Budget Reorganization – Brownfields
4. Attorney Consolidation Initiative
5. Program and Segregated Revenue Lapses
6. PECFA Bonding
7. Wisconsin Manufacturing Extension Center Grants
8. Forestry Education Grant Program
9. Standard Budget Adjustments

ITEMS NOT APPROVED

10. Forestry Education Grant Program Position

**Table 1
Department Budget Summary by Funding Source (in thousands of dollars)**

| | ACTUAL FY02 | ADJUSTED | | GOVERNOR'S | | |
|-------------------------|----------------|--------------|----------------|------------|----------------|------------|
| | | BASE FY03 | AGENCY REQUEST | | RECOMMENDATION | |
| | | | FY04 | FY05 | FY04 | FY05 |
| GENERAL PURPOSE REVENUE | \$17,453.8 | \$18,318.6 | \$18,255.3 | \$18,258.5 | \$21,444.7 | \$21,447.9 |
| State Operations | 7,164.7 | 6,943.0 | 6,879.7 | 6,882.9 | 6,284.3 | 6,287.5 |
| Local Assistance | 3,479.8 | 2,999.0 | 2,999.0 | 2,999.0 | 2,999.0 | 2,999.0 |
| Aids to Ind. & Org. | 6,809.3 | 8,376.6 | 8,376.6 | 8,376.6 | 12,161.4 | 12,161.4 |
| FEDERAL REVENUE (1) | 38,324.9 | 37,544.7 | 37,777.9 | 37,777.9 | 73,379.9 | 73,379.9 |
| State Operations | 2,649.9 | 3,144.7 | 3,377.9 | 3,377.9 | 3,979.9 | 3,979.9 |
| Local Assistance | 35,582.0 | 34,400.0 | 34,400.0 | 34,400.0 | 34,400.0 | 34,400.0 |
| Aids to Ind. & Org. | 93.0 | | | | 35,000.0 | 35,000.0 |
| PROGRAM REVENUE (2) | 35,688.5 | 43,357.4 | 43,339.3 | 43,339.3 | 47,107.5 | 47,107.5 |
| State Operations | 21,106.2 | 23,807.6 | 23,789.5 | 23,789.5 | 21,235.1 | 21,235.1 |
| Local Assistance | 8,887.5 | 8,600.0 | 8,600.0 | 8,600.0 | 15,422.6 | 15,422.6 |
| Aids to Ind. & Org. | 5,694.8 | 10,949.8 | 10,949.8 | 10,949.8 | 10,449.8 | 10,449.8 |
| SEGREGATED REVENUE (3) | 116,651.6 | 84,962.1 | 85,016.4 | 84,972.5 | 76,029.8 | 75,947.1 |
| State Operations | 9,331.7 | 9,862.1 | 9,957.1 | 9,893.4 | 8,029.8 | 7,947.1 |
| Aids to Ind. & Org. | 107,319.9 | 75,100.0 | 75,059.3 | 75,079.1 | 68,000.0 | 68,000.0 |
| TOTALS-ANNUAL | 208,118.8 | 184,182.8 | 184,388.9 | 184,348.2 | 217,961.9 | 217,882.4 |
| State Operations | 40,252.5 | 43,757.4 | 44,004.2 | 43,943.7 | 39,529.1 | 39,449.6 |
| Local Assistance | 47,949.3 | 45,999.0 | 45,999.0 | 45,999.0 | 52,821.6 | 52,821.6 |
| Aids to Ind. & Org. | 119,917.0 | 94,426.4 | 94,385.7 | 94,405.5 | 125,611.2 | 125,611.2 |

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 2
Department Position Summary by Funding Source (in FTE positions) (4)**

| | ADJUSTED | | GOVERNOR'S | | |
|-------------------------|--------------|----------------|------------|----------------|--------|
| | BASE FY03 | AGENCY REQUEST | | RECOMMENDATION | |
| | | FY04 | FY05 | FY04 | FY05 |
| GENERAL PURPOSE REVENUE | 73.00 | 73.00 | 73.00 | 68.00 | 68.00 |
| FEDERAL REVENUE (1) | 48.50 | 47.90 | 47.90 | 54.15 | 54.15 |
| PROGRAM REVENUE (2) | 262.45 | 262.45 | 262.45 | 237.45 | 237.45 |
| State Operations | 262.45 | 262.45 | 262.45 | 233.50 | 233.50 |
| Local Assistance | | | | 3.95 | 3.95 |
| SEGREGATED REVENUE (3) | 99.30 | 98.30 | 97.30 | 78.90 | 77.90 |
| State Operations | 99.30 | 97.30 | 96.30 | 78.90 | 77.90 |
| Aids to Ind. & Org. | | 1.00 | 1.00 | | |
| TOTALS-ANNUAL | 483.25 | 481.65 | 480.65 | 438.50 | 437.50 |
| State Operations | 483.25 | 480.65 | 479.65 | 434.55 | 433.55 |
| Local Assistance | | | | 3.95 | 3.95 |
| Aids to Ind. & Org. | | 1.00 | 1.00 | | |

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

**Table 3
Department Budget Summary by Program (in thousands of dollars)**

| | ACTUAL FY02 | ADJUSTED BASE FY03 | AGENCY REQUEST | | GOVERNOR'S RECOMMENDATION | |
|---|----------------|--------------------------|----------------|------------|------------------------------|------------|
| | | | FY04 | FY05 | FY04 | FY05 |
| 1. Economic and community development | \$59,831.0 | \$69,181.3 | \$69,213.6 | \$69,236.6 | \$59,321.3 | \$59,324.5 |
| 2. Housing assistance | | | | | 47,761.2 | 47,761.2 |
| 3. Regulation of industry, safety and buildings | 142,893.9 | 108,875.9 | 108,886.6 | 108,822.9 | 105,167.0 | 105,084.3 |
| 4. Executive and administrative services | 5,393.9 | 6,125.6 | 6,288.7 | 6,288.7 | 5,712.4 | 5,712.4 |
| TOTALS | 208,118.8 | 184,182.8 | 184,388.9 | 184,348.2 | 217,961.9 | 217,882.4 |

**Table 4
Department Position Summary by Program (in FTE positions) (4)**

| | ADJUSTED BASE FY03 | AGENCY REQUEST | | GOVERNOR'S RECOMMENDATION | |
|---|--------------------------|----------------|--------|------------------------------|--------|
| | | FY04 | FY05 | FY04 | FY05 |
| 1. Economic and community development | 97.40 | 97.80 | 97.80 | 83.00 | 83.00 |
| 2. Housing assistance | | | | 18.00 | 18.00 |
| 3. Regulation of industry, safety and buildings | 312.55 | 310.55 | 309.55 | 274.10 | 273.10 |
| 4. Executive and administrative services | 73.30 | 73.30 | 73.30 | 63.40 | 63.40 |
| TOTALS | 483.25 | 481.65 | 480.65 | 438.50 | 437.50 |

(4) All positions are State Operations unless otherwise specified

1. Budget Efficiency Measures

| Source of Funds | Agency Request | | | | Governor's Recommendation | | | |
|-----------------|----------------|-------------|----------|-------------|---------------------------|---------------|-------------------|---------------|
| | FY04 | | FY05 | | FY04 | | FY05 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| GPR | 0 | 0.00 | 0 | 0.00 | -2,804,700 | -12.80 | -2,804,700 | -12.80 |
| PR-O | 0 | 0.00 | 0 | 0.00 | -2,098,500 | -20.55 | -2,098,500 | -20.55 |
| PR-S | 0 | 0.00 | 0 | 0.00 | -449,000 | -8.40 | -449,000 | -8.40 |
| SEG-O | 0 | 0.00 | 0 | 0.00 | -1,559,300 | -12.90 | -1,559,300 | -12.90 |
| TOTAL | 0 | 0.00 | 0 | 0.00 | -6,911,500 | -54.65 | -6,911,500 | -54.65 |

The Governor recommends reducing expenditure and position authority in the department's state operations and aids appropriations in the amounts shown to create additional operational efficiencies and balance the budget by: (a) consolidating the Division of Marketing, Advocacy and Technology Development into the Division of Economic Development; (b) eliminating position vacancies across funding sources, including a 1.0 FTE GPR unclassified division administrator position; (c) decreasing aids appropriations, including \$1,455,400 GPR from the Wisconsin development fund in each year; (d) downsizing the international program; (e) reducing administrative manager positions; and (f) cutting support staff for the Manufacturing Assessment Center and loan assistance programs.

2. Budget Reorganization – Housing

| Source of Funds | Agency Request | | | | Governor's Recommendation | | | |
|-----------------|----------------|-------------|----------|-------------|---------------------------|--------------|-------------------|--------------|
| | FY04 | | FY05 | | FY04 | | FY05 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| GPR | 0 | 0.00 | 0 | 0.00 | 6,010,800 | 7.80 | 6,010,800 | 7.80 |
| PR-F | 0 | 0.00 | 0 | 0.00 | 35,602,000 | 6.25 | 35,602,000 | 6.25 |
| PR-S | 0 | 0.00 | 0 | 0.00 | 6,822,600 | 3.95 | 6,822,600 | 3.95 |
| TOTAL | 0 | 0.00 | 0 | 0.00 | 48,435,400 | 18.00 | 48,435,400 | 18.00 |

The Governor recommends transferring housing assistance programs and the Volunteer Firefighter and Emergency Medical Technician Service Award Program to the department from the Department of Administration to consolidate governmental functions and create operational efficiencies. See Department of Administration, Item #4.

3. Budget Reorganization – Brownfields

| Source of Funds | Agency Request | | | | Governor's Recommendation | | | |
|-----------------|----------------|-------------|----------|-------------|---------------------------|--------------|-------------------|--------------|
| | FY04 | | FY05 | | FY04 | | FY05 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| SEG-O | 0 | 0.00 | 0 | 0.00 | -7,308,400 | -2.50 | -7,308,400 | -2.50 |
| TOTAL | 0 | 0.00 | 0 | 0.00 | -7,308,400 | -2.50 | -7,308,400 | -2.50 |

The Governor recommends transferring the Brownfields Grant program and related spending authority to the Department of Natural Resources to consolidate administration and funding for brownfields grants. To reflect the operational efficiencies gained, the Governor recommends reducing brownfields administrative costs by \$308,400 and 2.5 FTE positions in each year. See Department of Natural Resources, Item #2.

4. Attorney Consolidation Initiative

| Source of Funds | Agency Request | | | | Governor's Recommendation | | | |
|-----------------|----------------|-----------|---------|-----------|---------------------------|-----------|---------|-----------|
| | FY04 | | FY05 | | FY04 | | FY05 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| SEG-O | 0 | 0.00 | 0 | 0.00 | -57,200 | -3.00 | -76,200 | -3.00 |
| TOTAL | 0 | 0.00 | 0 | 0.00 | -57,200 | -3.00 | -76,200 | -3.00 |

The Governor recommends improving the provision of state legal services by consolidating attorneys under the secretary of the Department of Administration. The Department of Administration secretary will determine the assignment of attorneys to individual agencies. The initiative results in the reduction of expenditure and position authority within the department and the transfer of 2.0 FTE positions to the Department of Administration. Funding related to the transferred positions will remain in the department's budget to purchase legal services from the Department of Administration. See Department of Administration, Item #10.

5. Program and Segregated Revenue Lapses

The Governor recommends transferring balances to the general fund from the following appropriations and fund: (a) \$2,098,500 PR in each year from s. 20.143(3)(j); (b) \$1,200,000 PR in each year from s. 20.143(1)(L); (c) \$449,000 PR-S in each year from s. 20.143(4)(kd); and (d) \$1,559,300 SEG in each year from the petroleum inspection fund.

6. PECFA Bonding

The Governor recommends authorizing an additional \$115 million in revenue bonding to ensure that the claims backlog is maintained at a reasonable level and that new claims are paid as rapidly as possible.

7. Wisconsin Manufacturing Extension Center Grants

| Source of Funds | Agency Request | | | | Governor's Recommendation | | | |
|-----------------|----------------|-----------|---------|-----------|---------------------------|-----------|----------|-----------|
| | FY04 | | FY05 | | FY04 | | FY05 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| PR-S | 0 | 0.00 | 0 | 0.00 | -500,000 | 0.00 | -500,000 | 0.00 |
| TOTAL | 0 | 0.00 | 0 | 0.00 | -500,000 | 0.00 | -500,000 | 0.00 |

The Governor recommends eliminating Wisconsin manufacturing extension center grants to reallocate the funding to other priorities. See Department of Natural Resources, Item #14.

8. Forestry Education Grant Program

| Source of Funds | Agency Request | | | | Governor's Recommendation | | | |
|-----------------|----------------|-----------|---------|-----------|---------------------------|-----------|----------|-----------|
| | FY04 | | FY05 | | FY04 | | FY05 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| SEG-O | 0 | 0.00 | 0 | 0.00 | -100,000 | 0.00 | -100,000 | 0.00 |
| TOTAL | 0 | 0.00 | 0 | 0.00 | -100,000 | 0.00 | -100,000 | 0.00 |

The Governor recommends repealing the forestry education grant program because it is underutilized and duplicates forestry education programs offered by the Department of Natural Resources and the Wisconsin Environmental Education Board.

9. Standard Budget Adjustments

| Source of Funds | Agency Request | | | | Governor's Recommendation | | | |
|-----------------|----------------|-----------|----------|-----------|---------------------------|-----------|----------|-----------|
| | FY04 | | FY05 | | FY04 | | FY05 | |
| | Dollars | Positions | Dollars | Positions | Dollars | Positions | Dollars | Positions |
| GPR | -63,300 | 0.00 | -60,100 | 0.00 | -80,000 | 0.00 | -76,800 | 0.00 |
| PR-F | 233,200 | -0.60 | 233,200 | -0.60 | 233,200 | -0.60 | 233,200 | -0.60 |
| PR-O | -148,100 | 0.00 | -148,100 | 0.00 | -150,300 | 0.00 | -150,300 | 0.00 |
| PR-S | 130,000 | 0.00 | 130,000 | 0.00 | 125,300 | 0.00 | 125,300 | 0.00 |
| SEG-O | 95,000 | -2.00 | 31,300 | -3.00 | 92,600 | -2.00 | 28,900 | -3.00 |
| TOTAL | 246,800 | -2.60 | 186,300 | -3.60 | 220,800 | -2.60 | 160,300 | -3.60 |

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$467,400 in each year); (b) removal of noncontinuing elements from the base (-\$556,700 and -2.6 FTE positions in FY04 and -\$620,400 and -3.6 FTE positions in FY05); (c) full funding of continuing position salaries and fringe benefits (\$1,023,500 in each year); (d) funding of ongoing s. 13.10 supplements; (e) reclassifications and semiautomatic pay progression (\$60,200 in FY04 and \$63,400 in FY05); (f) overtime (\$99,900 in each year); and (g) fifth week of vacation as cash (\$61,300 in each year).

ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the Department of Commerce.

| Decision Item | Source of Funds | FY04 | | FY05 | |
|---|-----------------|---------|-----------|---------|-----------|
| | | Dollars | Positions | Dollars | Positions |
| 10. Forestry Education Grant Program Position | SEG-O | -40,700 | 1.00 | -20,900 | 1.00 |
| TOTAL OF ITEMS NOT APPROVED | SEG-O | -40,700 | 1.00 | -20,900 | 1.00 |